

**11/28/78**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder:  
11/28/78; Container 98

To See Complete Finding Aid:

[http://www.jimmycarterlibrary.gov/library/findingaids/Staff\\_Secretary.pdf](http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf)

# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Bourne to Pres. Carter, 1 pg., re:personal matter <i>Opened 6/1/92</i>	11/27/78	A
Memo	Bergland to Pres. Carter, <i>5 pp. opened per RAC NLC-126-15-12-1-1, 6/27/13</i> w/attachments 8 pp., re:China trip <i>Opened 6/1/92</i>	11/22/78	A
Telex	Andrew Young to Pres. Carter, w/attachments 4 pp., re:UN activities	11/24/78	A
Memo	Brzezinski to Pres. Carter, w/attachments 4 pp., re:recommendations	11/21/78	C

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File, 11/28/78 Box 110

## RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE WHITE HOUSE  
WASHINGTON

28 Nov 78

To Secretary Bergland

The attached was returned in  
the President's outbox today.  
It is forwarded to you for  
appropriate handling.

Rick Hutcheson

~~CONFIDENTIAL~~

THE WHITE HOUSE  
WASHINGTON

28 Nov 78

Stu Eizenstat  
Zbig Brzezinski

The attached was returned in  
the President's outbox today.  
It is forwarded to you for  
your information.

Rick Hutcheson

CONFIDENTIAL



ACTION

FYI

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

ADMIN CONFIDENTIAL

CONFIDENTIAL

SECRET

EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

*Very good  
J*

NOV 22 1978

~~CONFIDENTIAL~~

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

I have just completed what I regard as a highly successful visit to the People's Republic of China. During the ten days we spent there, from November 4 to 14, I met with Vice Premier Li Hsien-nien; my host, Minister of Agriculture and Forestry, Yang Li-kung; and Minister of Foreign Trade, Li Chiang. In addition to Peking, we visited the cities of Shanghai, Ch'eng-tu and Canton.

The Chinese are committed to a major effort to modernize their country by the end of the century. With 80 percent of the population primarily engaged in production of food and fiber, the improvement of their agricultural economy is necessarily the foundation of what they refer to as the long march to modernization.

It is due to their realization that the United States has much to offer in the way of technology in agriculture that we were able to score some important breakthroughs in our rapidly developing relationship with China.

Forewarned of the unwillingness of the PRC leadership to enter into formal government-to-government agreement prior to the normalization, we sought no signed agreements. We succeeded, however, in obtaining an exchange of letters between Minister Yang and myself confirming what they described as an "oral understanding" with respect to scientific and educational exchange visits, facilitation of trade contacts in a number of agribusiness and food processing industries of interest to the Chinese, and exchange visits concerned with agricultural statistics and forecasting methodology.

In response to our emphasis on the need for the Chinese to be regular and predictable customers of U.S. agricultural products (if they expected us to be a reliable supplier), Vice Premier Li confided that they expected to buy annually from us some 5-6 million tons of grain and significant quantities of cotton (we agreed not to divulge publicly this figure).

*Good*

Electrostatic Copy Made  
for Information Purposes

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
PER *[initials]* USDA H-RE MR-NKC 92-80  
BY *[signature]* NARS, DATE 5/1/92

The Chinese gave us previously unpublished data on planted area, crop production, and livestock inventory for the year 1977. Stressing that they had not given such data to any other country, the Chinese did not object to our publishing the data as our own estimates (i.e., without attribution to them).

What is most significant in all of this is an apparent decision by the leadership of the PRC not to permit the absence of normalization to stand in the way of expanded trade and cooperation in the agricultural area.

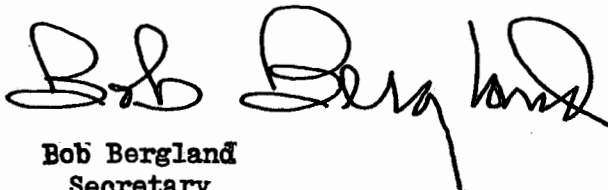
Because of the length of the visit and the broad area we were able to cover, my delegation (listing attached) was able to form a number of conclusions about the status and prospects for Chinese agriculture:

1. The Chinese appear to have reached a high level of yields per acre per year by intensive use of land, irrigation, and massive labor inputs. They recognize, and we agree, that further growth from these sources is limited.
2. Despite the huge and intensively used labor force, the low level of mechanization limits increase in agricultural output.
3. The application of modern plant and animal breeding can be a significant factor in further increases in agriculture output. Substantial gains also could be achieved by the use of modern chemical fertilizer, pesticides, and herbicides.
4. The scientific base in Chinese agriculture has been severely eroded by inattention and isolation from outside contacts. It will require a large effort in retraining and new training to build an adequate scientific and technical base in agriculture to undergird their development efforts.
5. If the Chinese are to feed their city population increased quantities of meat and poultry products they must turn to U.S. type industrial production of broilers, pigs, and laying hens. This will require mixed feeds and quality control, and will likely have to depend in part on imported feeds.
6. To reach their goal of 400 million metric tons of grain by 1985 will require a sustained growth rate of 4.5 percent compounded. No country has done this for a significant period.

7. The Chinese appear to be awed by the U.S. agricultural productivity and thus may have unrealistic expectations about the value of our technology to their conditions.

Finally, I would note that we were treated with extraordinary friendliness and hospitality. The Chinese Ministers were exceptionally candid about both their aspirations and their many weaknesses. While repeatedly emphasizing their determination to remain self-sufficient and independent, they look to the U.S., almost naively, as holding the key to their objectives for modernizing their agriculture. This faces us with opportunities as well as serious challenges. The Chinese are unleashing forces which involve new freedoms for their people as well as rising expectations of material well-being. Where all of this will take them is difficult to predict. But I believe that it is very important that we establish in our relations with them a record of dependability and reliability; that we not over-promise, but that we deliver on whatever we undertake to do.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Bergland". The signature is fluid and cursive, with the first name "Bob" and last name "Bergland" clearly distinguishable.

**Bob Bergland**  
**Secretary**

cc: Honorable Cyrus R. Vance  
Secretary of State

(Attachment)



Secretary Bergland Visit  
People's Republic of China  
October 31 - November 16, 1978

Bob Bergland, Secretary of Agriculture

Dale E. Hathaway, Assistant Secretary for  
International Affairs and Commodity Programs, USDA

Julius L. Katz, Assistant Secretary for Economic and Business Affairs,  
Department of State

M. Rupert Cutler, Assistant Secretary for  
Conservation, Research and Education, USDA

Thomas R. Hughes, Administrator  
Foreign Agricultural Service, USDA

Lynn M. Daft, Associate Director for Agricultural and Rural Development  
Domestic Policy Staff, The White House

Anson R. Bertrand, Director  
Science and Education Administration, USDA

Tom Sand, Assistant to the Secretary

Quentin M. West, Director, Office of International  
Cooperation and Development, USDA

Jimmy D. Minyard, Deputy Assistant Administrator for  
Market Development, Foreign Agricultural Service, USDA

David Schoonover, Director, Centrally Planned Economies Division,  
Foreign Agricultural Service, USDA

Scott Hallford, Country Officer for People's Republic of China and  
Mongolia Affairs, Department of State

Roger J. Gerrits, Staff Scientist, Livestock and Veterinary Sciences  
Science and Education Administration, USDA

Quentin Jones, Staff Scientist, Plant and Entomological Sciences  
Science and Education Administration, USDA

Charles Y. Liu, Project Leader, Economics, Statistics, and Cooperatives  
Service, Centrally Planned Countries Program Area, USDA

Louis H. McElroy, Chief, Administrative Services Branch  
Foreign Agricultural Service (Administrative Control Officer for Visit)

PRESS

Miss Coleen Geraghty, Commodity News Service

Jim Risser, Des Moines Register

Axel Krause, Business Week

~~CONFIDENTIAL~~

MEMORANDUM TO THE PRESIDENT

FROM: Peter Bourne *P.B.*

*C*  
November 27th 1978

Following our discussion last week I have been able to narrow my options and think out a little more specifically what I want to do. I have also talked to several people whose advice I respect. I have decided that in the longrun my future lies best with the U.N. and that is where I should aim my primary efforts. There are two positions that will come available during the next year:

(1) Administrator of U.N.D.P. Brad Morse the incumbent was a Ford nominee who has told me that he has no expectation that you will renominate him. Unsolicited he has urged me to pursue the possibility of being his successor. He feels that I am well enough regarded in the U.N. community and by the other specialized agency heads that I would be an acceptable choice. His term does not expire until the end of 1979, but Waldheim will have to make the nominee known by this summer.

(2) Executive Director of U.N.I.C.E.F. A year ago we sought to have Jim Grant appointed to succeed the incumbent Harry Labouisse another American. The Swedes were pushing a candidate, and to avoid a conflict Waldheim asked Labouisse to stay on for another two years. Although Jim Grant is a good friend and I was a strong supporter of his for the position, there is some feeling that neither he nor the Swede were the best candidates. It is also felt that to keep this job for an American we need to come up with another candidate who has not been embroiled in the conflict with the Swedes. Harry Labouisse is ready and eager to retire, and while his term runs through 1979 he would apparently retire in the next few months if it could help insure that he would be succeeded by another American. The Swedes feel they have a right to either the U.N.D.P. or U.N.I.C.E.F. job which have always been held by Americans. If both jobs come up simultaneously at the end of 1979 it will be hard to deny them one of the slots. If the U.N.I.C.E.F. job can be quietly filled earlier in the year it may be possible for us to hold onto both of the positions. A Swede has the job as the Director of the UN Drug Fund only because I supported him and went to meet with Waldheim on his behalf. (We had no appropriate candidate and complex domestic politics suggested a non-American might be better).

I still have some interest in the World Bank, but it would be mainly on an interim basis. I am told that while they have great need for my talents they would have to create a special position and my ability to accomplish anything might be limited. I am also pursuing the possibility of being a Woodrow Wilson Fellow, again on a temporary basis.

While the UN remains my top desire there is some merit to my going somewhere else in the interim, particularly if a UN position was not immediately available.

~~CONFIDENTIAL~~

Electrostatic Copy Made  
for Preservation Purposes

DETERMINED TO BE AN ADMINISTRATIVE  
MARKING BY *Jay* DATE *5/21/92*

*J*  
THE WHITE HOUSE  
WASHINGTON


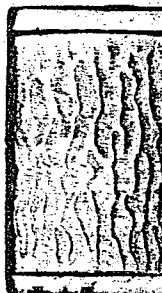
28 Nov 78

Stu Eizenstat  
Jim McIntyre  
Charlie Schultze  
Alfred Kahn

The attached was returned in  
the President's outbox today.  
It is forwarded to you for  
appropriate handling.

Rick Hutcheson

The Vice President  
Hamilton Jordan



FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ACTION

FYI

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

✓	VICE PRESIDENT
✓	JORDAN
✓	EIZENSTAT
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	RAFSHOON
	WATSON
	WEXLER
	BRZEZINSKI
✓	MCINTYRE
✓	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	LINDER
	MARTIN
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	VOORDE
	WARREN
	WISE

*KAHN*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

November 20, 1978

MEMORANDUM FOR THE PRESIDENT

From: Stu Eizenstat *Stu*  
Fred Kahn *AK*  
Jim McIntyre *Jim*  
Charlie Schultze *CLS*

Subject: Actions on Major Regulatory Proposals

The interagency Regulatory Analysis Review Group (RARG), chaired by CEA, has issued or will shortly complete analyses of five major upcoming regulations:

- EPA's revision of the national air quality standard for ozone;
- EPA's standards for sulfur emissions from new coal-burning electric utility plants;
- Interior's regulations on surface mining and reclamation of mined land;
- OSHA's across-the-board policy on regulation of cancer-causing substances in the workplace; and
- DOT's regulation on making mass transit facilities accessible to the handicapped.

The attached appendix contains a detailed description of each, including available estimates of costs.

All of these proposals deal with important social problems, but they also have major economic consequences. If implemented as proposed, we estimate that these five regulations will add \$5-10 billion of costs above those already mandated or required by reasonable alternative standards. In each case the RARG study concludes that the proposed regulation can be modified to reduce costs substantially without sacrificing the main regulatory objectives.

These five rules are scheduled for completion by early next year. In view of their timing and their large costs, the credibility of the regulation element of the anti-inflation program will depend heavily on whether the final rules are cost-effective.

We recommend, therefore, that (except in the cases noted below) you authorize Stu to call the responsible agency heads, telling them that he is calling on your behalf. He would convey your desire that the final regulations meet their statutory goals at minimum cost. He would also inform each agency head that this communication is part of a larger effort to ensure that all regulatory proposals are cost-effective. All of us would continue discussions with the agencies and report back to you if it appears any major issues cannot be resolved.

We suggest two exceptions to this process. OSHA's carcinogen standard would be tackled by the new Regulatory Council. OSHA's approach in this regulation is fundamentally different, and potentially more costly, than the approach followed by the other three agencies that regulate carcinogens (EPA, FDA, and CPSC). The Regulatory Council is the ideal instrument to develop a uniform policy, on which OSHA could base revised rules. Doug Costle (as Chairman of the Council) and Ray Marshall concur with this approach. Stu would indicate our support in his call to Doug.

Second, we would continue discussions already underway with DOT and HEW to develop modified rules on mass transit access that will be reasonably acceptable to the handicapped community. Though any modification of these rules may upset that community, compromise should be attainable.

The above procedure recognizes the importance of both our anti-inflation objectives and our desire -- for both legal and political reasons -- that wherever possible regulatory decisions are made by agency heads without crossing your desk. At the same time, it is important that you recognize that, by authorizing Stu to make these phone calls, you will be setting in motion a process that, in some cases, could require your personal involvement at a later date.

**Electrostatic Copy Made  
for Preservation Purposes**

- 3 -

We have discussed this overall approach to upcoming costly regulations with Doug Costle, and he agrees with it. We will keep you informed of progress.

Approve

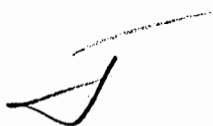
☒

Disapprove

☐

See me

☐



Attachment

## Appendix: . Proposed Rules Reviewed by the RARG

### 1. EPA's Revised Ozone Standards

Proposed: June 22

RARG Report Issued: October 26

Final Regulation Anticipated: Before the end of the year.

Based upon a reexamination of the relevant scientific evidence, EPA proposed revisions to relax its ambient air quality standards for photochemical oxidants. The proposed revision would raise the primary standard from 0.08 part of ozone per million (ppm) to 0.10 ppm. The standard is designed to protect the public from the adverse health effects of excess ozone exposure -- impaired pulmonary function, breathing discomfort, decreased resistance to infection, and aggravation of respiratory disease -- primarily experienced by a small, highly sensitive, fraction of the population. In accordance with the Clean Air Act, the standard would provide a margin of safety. EPA has found that health effects begin at 0.15 ppm although that evidence is somewhat sketchy.

EPA estimates that the 0.10 ppm standard would over the long run cost \$2-4 billion more each year than a standard set at 0.15 ppm. (Costs in the next five years, however, would be somewhat lower). The RARG estimated that the difference in costs could range as high as \$4-6 billion per year.

The RARG criticized EPA for not providing an adequate rationale for its choice and for proposing a standard that, given the available evidence, appears to be more stringent than necessary.

### 2. EPA's Proposed New Source Performance Standards for Electric Utilities

Proposed: September 20

RARG Report Issued: Expected November 20

Final Regulation Anticipated: March 1979

Pursuant to the Clean Air Act Amendments of 1977, EPA has proposed a revision to its new source performance standards (NSPS) for steam electric plants which require "full scrubbing" -- a uniform percentage emission reduction (based on the best available control technology) independent of the sulfur content of coal used. EPA estimates that the annualized cost of this full scrubbing option could exceed the cost of meeting the current NSPS by \$1-2 billion per year. The RARG is concerned that the full scrubbing requirement could discourage utilities from purchasing higher cost low sulfur coal and thereby result in both greater emissions and higher costs.



### 3. Interior's Proposed Surface Mining Regulations

Proposed: September 18

RARG Report Issued: Expected November 27

Final Regulation Anticipated: Before the end of the year.

The Department of Interior has proposed regulations pertaining to surface coal mining and reclamation operations as required by the Surface Mining Control and Reclamation Act of 1977. Interior estimates that these regulations could add \$400 million to the cost of coal each year; preliminary RARG estimates are much higher.

The RARG is reviewing the Interior proposal because of its important potential effects on the costs and production of coal -- a centerpiece of the Administration's energy plan -- and because it may impose large and unnecessary costs. In addition, the portions of the proposed regulations which cover dust exposure appear to duplicate and possibly complicate existing efforts by EPA to do the same.

### 4. OSHA's Proposed Generic Carcinogen Policy

Proposed: October 4, 1977

RARG Report Issued: October 24

Final Action Anticipated: First quarter of 1979

To speed up its current case-by-case rulemaking, OSHA has proposed a generic carcinogen policy under which future rulemakings would be governed by fixed scientific and regulatory principles. Substances would first be categorized based on evidence of carcinogenicity. Each category would then be linked with a specific regulatory response. In particular, if a substance is classified as a "potential" carcinogen, emergency temporary standards would first be issued to require among other steps, medical examinations, information of hazards, and reduction of exposure to the lowest feasible level that can be attained immediately by any combination of engineering controls, work practices and personal protection equipment. The permanent standard would, after rulemaking, limit exposure to levels as low as feasible using only engineering controls and work practices. Less stringent measures would be taken if substances fall into other categories.

OSHA has not provided cost estimates of this proposal and argues that costs cannot be calculated. One industry-sponsored study estimated that the proposal would probably require capital expenditures of about \$20 billion.

The RARG report expressed the concern that OSHA's proposed principles neglected important information, such as potency, in the categorizing of chemicals. More generally, the report pointed to the apparent inconsistency between OSHA's proposed principles and those of the other agencies that regulate carcinogens. Finally, it criticized OSHA's proposal to link the classification of chemical agents with automatic regulatory responses as inflexible and potentially very costly.

5. DOT's Equal Access for the Handicapped Proposals

Proposed: June 8

RARG Report Issued: October 20

Final Regulation Anticipated: January 1979

Pursuant to the Rehabilitation Act of 1973 and the HEW guidelines issued under it, DOT has proposed that all urban mass transportation facilities must be made accessible to the handicapped by a specified date, taking into account the financial and technical difficulties involved. DOT has claimed that under HEW guidelines it is obligated to require retrofitting of urban bus and rail (subway, trolley, and commuter train), even if every point served by rail is also served by the bus system.

The estimated capital cost of this proposal -- probably understated -- is \$1.9 billion, of which \$1.1 billion is for retrofits of subway systems. Capital costs of the subway retrofit in New York City alone are projected to exceed \$700 million. In the event complete subway retrofits are mandated, most of the cost will be paid by the Federal Government.

The RARG Report concluded that substitution of an extended bus system for subway retrofit would result in substantially lower total costs than the DOT proposal and criticized DOT for not providing an adequate assessment of the difference in benefits between subway and bus service. Whether the underlying HEW guidelines will prove sufficiently flexible to permit a more cost-effective approach in this area will be explored by the Executive Office, DOT, and HEW in the coming weeks.

ID 785964

THE WHITE HOUSE

WASHINGTON

DATE: 22 NOV 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: EIZENSTAT KAHN MCINTYRE SCHULTZE MEMO RE ACTIONS  
ON MAJOR REGULATORY PROPOSALS

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: +  
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*J*



THE WHITE HOUSE  
WASHINGTON

28 Nov 78

NSC

The attached was returned in the President's outbox today. It is forwarded to you for appropriate handling.

Rick Hutcheson



ID 785975

T H E W H I T E H O U S E

WASHINGTON

DATE: 27 NOV 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

ZBIG BRZEZINSKI

SUBJECT: CONFIDENTIAL BERGLAND MEMO RE HIS TRIP TO THE PEOPLE'S  
REPUBLIC OF CHINA

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: +  
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

ROUTINE

UT5777

DE RUTALS #4474 3291739

Z 241737Z NOV 78 ZFFB

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 1784

INFO USIA NEW YORK 3127

AMEMBASSY KINSHASA 5887

C O N F I D E N T I A L LAGOS 14474

EXDIS

PASS TO WHITE HOUSE FOR PRESIDENT, VICE PRESIDENT,JORDAN, KRAFT, RAFFESHOON, AND POWELLPASS TO N.S.C. FOR BRZEZINSKIKINSHASA FOR VOORSEFROM AMBASSADOR YOUNG

E.O. 11652: GDS

TAGS: PINTUS

SUBJECT: ASSESSING THE RECENT CONGRESSIONAL ELECTIONS AND POTENTIAL  
IMPACT ON FOREIGN POLICY FORMULATION.

1. THE RESULTS OF THE RECENT OFF-YEAR CONGRESSIONAL ELECTIONS REVEAL A COLLAGE OF PERSONALITIES RATHER THAN NATIONAL ISSUES; TACTICS AND ORGANIZATION RATHER THAN A REPERCUSSION ON ADMINISTRATION POLICY. THE DEMOCRATIC PARTY WAS PREPARED TO LOSE 6 TO 12 SENATORIAL SEATS AND MAYBE AS MANY AS TWENTY HOUSE SEATS. AN INTELLIGENT ANALYSIS SHOULD BEGIN BY ASKING THE QUESTION, WHY DID THE PARTY IN POWER REVERSE A TREND THAT WAS TAKEN FOR GRANTED FOR MORE THAN A DECADE? HOW MUCH OF THIS ASTOUNDING REVERSAL CAN BE ATTRIBUTED TO THE CONDUCT OF AFFAIRS BY PRESIDENT CARTER AND HIS NEW AGGRESSIVE STYLE?

2. IF THERE WAS A TREND, IT PROBABLY WAS YOUNGISH CANDIDATES WITH SIGNIFICANT FINANCIAL SUPPORT, ABLE TO CONVINCE THE VOTER THAT HE WAS ALSO A VOICE OF MODERATION.

3. A NUMBER OF CLOSE RACES COULD HAVE BEEN WON IF THE TURN-OUT OF MINORITY VOTERS HAD APPROXIMATED THE TURNOUT FOR PRESIDENT CARTER TWO YEARS AGO. HOWEVER, YOU CANNOT TURN OUT MINORITY VOTERS BY ATTEMPTING TO SNEAK UP ON THE CON-

\*\*\*\*\*HSP COMMENT\*\*\*\*\*

ZP. INC (PRES, JORDAN, KRAFT, POWELL, RAFFESHOON), GATES, VP  
EOB:THORA

PSN:023032

PAGE 01

TDR:331775:04Z

DTG:241737Z NOV 78

\*\*\*\*\*C O N F I D E N T I A L\*\*\*\*\*S COPY

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-15-12-1-1

ON KS NEW DATE 1/25/12

ERVATIVE CONSTITUENCY. MINORITY VOTERS HAVE TO BE SOUGHT AND AGGRESSIVELY. PENNSYLVANIA, ILLINOIS AND SOUTH CAROLINA SUCCEEDED IN SPLITTING THE BLACK VOTE WITH REPUBLICANS REFUSING TO CONCEDE THE BLACK VOTE TO THE DEMOCRATIC CANDIDATE. THEY SOUGHT IT AGGRESSIVELY, AND GOT SIGNIFICANT RESPONSE. I FAIL TO SEE HOW THE LOSING OF TWO NET SEATS IN THE SENATE AND NINE IN THE HOUSE CAN BE VIEWED AS A SWING TOWARD THE RIGHT AND A SIGNAL THAT THIS ADMINISTRATION SHOULD SLOW DOWN ITS PURSUIT OF PEACEFUL SOLUTIONS TO CONFLICTS. THIS ADMINISTRATION HAS A CLEAR CLAIM TO THE POLITICAL MIDDLE AND A SHIFT TO APPEASE THE IDEOLOGICAL RIGHT ON DEFENSE SPENDING IN PURSUIT OF SALT II RATIFICATION OR ON AFRICA POLICY FORMULATION IS AKIN TO THE PARABLE ABOUT THE DOG VIEWING HIS REFLECTION IN THE LAKE AND DROPPING HIS BONE IN IN QUEST OF THE LARGER REFLECTION. THE UNITED STATES OF AMERICA CANNOT GET AWAY WITH A QUIET POLICY OF NON-INVOLVEMENT IN AFRICA.

4. THE UNCONTROLLABLE INCIDENTS AND PRESSURES OF EVENTS WILL KEEP AFRICA ON THE FRONT PAGES FOR SOME TIME. IT JUST WILL NOT GO AWAY. AND SO I INSIST THAT AGGRESSIVE DIPLOMACY AND A COMMITMENT TO DEVELOPMENT HAS TO BE GIVEN AT LEAST AS MUCH TIME AND PATIENCE AS MILITARY SOLUTIONS. THIS IS OUR POSITION ON THE MIDDLE-EAST AND IT MUST BE OUR STANCE ON SOUTHERN AFRICA.

5. OUR PRESENT POLICIES GIVE US SOME DIPLOMATIC HANDLES TO RESPOND TO EVENTS, AND WE ARE PURSUING THESE EVENTS WITH OUR CLOSEST ALLIES, BOTH IN THE WEST AND THE THIRD WORLD. THE LOWERING OF PROFILE LOWERS CREDIBILITY AND PRETENDS POWERLESSNESS IN THE FACE OF EVENTS. THAT LEAVES US VULNERABLE TO POLITICAL RIDICULE IN ALL DOMESTIC QUARTERS. FROM NOVEMBER 7TH FORWARD TO 1982, IT IS A MISTAKE TO EXPECT SUPPORT FROM NATIONAL REPUBLICANS THAT ARE DAILY ASSESSING THEIR ODDS AGAINST AN INCUMBENT DEMOCRATIC PRESIDENT UNLESS THERE IS ALREADY A NATIONAL CONSENSUS.

6. ONE NEEDS ONLY TO THINK BACK TO 1966 TO REALIZE HOW THE VIETNAM MOVEMENT WHICH HAD NO IMPACT ON MID-TERM ELECTIONS WENT ON TO BECOME THE DOMINANT ISSUE IN ONLY TWO SHORT YEARS. UNSEATING A STRONG AND SUCCESSFUL PRESIDENT AND LEAVING THE PARTY IN FRAGMENTS.

7. SOUTHERN AFRICA ALREADY HAS A MORE ACTIVE CONSTITUENCY ON THE CAMPUSES THAN THE ANTI-WAR MOVEMENT HAD IN 1968. THE CHURCHES AND ORGANIZED LABOR DID NOT BEGIN TO QUESTION THE CONDUCT OF THE WAR UNTIL MUCH LATER, BUT ALREADY THEY ARE IN THE FOREFRONT OF THE SOUTHERN AFRICA CONSCIOUSNESS RAISING.

THERE IS ALSO AN ETHNIC BASE OF 25 PERCENT OF THE DEMOCRATIC PARTY VOTE THAT IS NOT YET ACTIVE IN SOUTHERN AFRICAN ISSUES, BUT WOULD BE EASILY ACTIVATED TO RESPOND EMOTIONALLY TO CATASTROPHIC EVENTS IN THAT PART OF THE WORLD. NOW THAT THE HUMPHREY-HAWKINS DOMESTIC LEGISLATION HAS PASSED, IT SHOULD BE EXPECTED THAT THE CONGRESSIONAL BLACK CAUCUS WILL FOCUS MORE ON AFRICA AND DEFENSE SPENDING. THERE SUCCESS ON MOBILIZING PUBLIC OPINION ON THE D.C. HOME-RULE AND FULL EMPLOYMENT BILLS WOULD MAKE THAT NETWORK AN IMPORTANT ALLY ON AFRICA. ALSO, A CLOSE LOOK AT NEW SOUTHERN SENATORS WOULD REVEAL A SUBSTANTIAL DEPARTURE FROM THE PAST. BOTH SENATORS-ELECT FROM ALABAMA SOUGHT AND RECEIVED THE BLACK VOTE.

8. PRESIDENT CARTER'S STYLE AND POLICIES HAVE SUCCESSFULLY DIFFUSED ALMOST EVERY MAJOR FOREIGN POLICY ISSUE. TG SZJ ADMINISTRATION HAS BEEN ON TOP OF MORE POTENTIALLY EXPLOSIVE AREAS THAN AT ANY TIME IN PREVIOUS HISTORY. WE HAVE RESPONDED WISELY IN CRISES AND HAVE LOST NO AMERICAN LIVES IN DEFENSE OF U.S. INTERESTS NOR DID WE MORTGAGE OUR FUTURE TO BUY INFLUENCE. WE SHOULD NOT ALLOW A CONSERVATIVE EDITORIAL PRESS TO FORCE US TO MODIFY GOOD AND DECENT POLICIES THAT ARE PROVING TO BE SUCCESSFUL IN THE PROTECTION OF U.S. INTEREST IN PURSUIT OF QUICK VICTORIES AND COSMETIC SOLUTIONS. THE WORLD'S PROBLEMS MUST BE LIVED WITH AND WORKED ON CREATIVELY AS IS EXPECTED OF A GREAT NATION.

EASUM  
BT



THE WHITE HOUSE  
WASHINGTON

28 Nov 78

Jerry Rafshoon

The attached was returned in  
the President's outbox today.  
It is forwarded to you for  
appropriate handling.

Rick Hutcheson

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

ACTION

FYI

ADMIN CONFIDENTIAL

CONFIDENTIAL

SECRET

EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE



11/27/78

MR. PRESIDENT:

The attached is an outline  
for the waste and fraud speech  
which you have agreed to give  
on December 13th. *Did not agree.  
(see my note)*

You have already recieved  
a similar outline for the Memphis  
DNC speech.

If you can let us have your  
reactions to each of these we  
can prepare early first drafts  
for your review.

GREG

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON  
November 24, 1978

*Jerry - If  
you delete the  
inventory, there is  
nothing left for  
a presidential speech.  
J*

MEMORANDUM TO THE PRESIDENT

FROM: JERRY RAFSHOON  
GREG SCHNEIDERS  
RICK HERTZBERG

SUBJECT: Waste and Fraud Speech

The attached outline was prepared in much the same way as the one for the inflation speech. The list of new actions (section F) consists largely of items you have not yet approved (or disapproved). A decision memo on them will be ready early this week.

Some new initiatives are needed -- not only from a substantive point of view, but also to give the speech news value. But outlining new action is not the only point of the speech, or even the main one.

The other, equally important, objectives of the speech are:

- to focus public attention on waste and fraud and on your determination to root them out;
- to show that your anti-fraud and anti-waste initiatives are part of a comprehensive effort to improve the functioning of government that began on the first day of your Administration;
- to begin to turn the public mood of cynicism into a mood of hope that improvements are being made.

## THE WHITE HOUSE

WASHINGTON

November 24, 1978

## MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON  
RICK HERTZBERG

SUBJECT: Speech on waste and fraud--outline

Summary. The rapid growth of government over the past generation has left a legacy of problems, including fraud and waste. It is up to us to prove that government can be made to work, that we can meet the commitments our society has undertaken efficiently and honestly. During the campaign, I talked about bringing competence to government, and the anti-fraud and anti-waste initiatives I am announcing today are part of a long-term, comprehensive effort to improve the functioning of our government.

## A. HISTORIC BACKGROUND

1. The past generation has seen a rapid growth of government at all levels -- a growth unprecedented in the nation's history.
2. This growth reflects commitments undertaken at the behest of the American people, acting through their elected representatives. It stems from a broad consensus, cutting across party and interest group lines, that our society has an obligation to act in concert to remedy certain ills: poverty, especially among older Americans; lack of opportunity, especially among minorities; pervasive unemployment; the befoulment of our air and water; the decay of our cities; the anxieties of older Americans about health care; and so forth. Defense commitments have also been a factor.
3. The growth of government in response to these legitimate needs resulted in "growing pains." Many of the crucial problems of administration are only now coming to the surface.

## B. THE LEGACY OF GROWTH

1. Management issues did not engage the American people during the 1960's and most of the 1970's. Public debate focused on whether certain commitments should be undertaken, not how. Questions of implementation were ignored.

2. Today, although we have a more modest view of government's capacity to solve all the problems of our society, there is still a basic consensus that government has a duty to act to mitigate economic injustices, to create high employment without severe inflation, to assure the security of the old and the sick, to protect the environment, and to guarantee the defense of the nation.

3. The challenge today is: Can we streamline and modernize our administrative capacity to meet the commitments undertaken over the past generation?

4. This administration inherited a broad range of administrative deficiencies, including:

- a lack of ethical checks;

- regulatory excesses;

- and a civil service not dynamic enough effectively to focus the energies and dedication of its workers on the new challenges.

5. As a result, we are confronted with maladies ranging from general inefficiency to outright theft.

6. We have now come to a time of reckoning.

- It has fallen to this generation to prove that the commitments can be met; that programs can be made to work; that self-government in America is equal to the tasks before it.

- No one bears this responsibility more than those who fought for the commitments in the first place. They have the greatest stake in fighting for the effectiveness, efficiency, and honesty of government administration.

## C. THE CAMPAIGN COMMITMENT

1. As a candidate, I placed before the nation an agenda which focused on the competence of government. I tried to

articulate the people's frustration with the bewildering excesses of government -- not just moral excesses but administrative excesses as well.

2. This was an unfamiliar approach in 1975 and 1976. The cry for a competent government, an effective government, was still a distant trumpet to many in Washington.

3. In 1978, the public outcry is unmistakable to all. This aroused public gives us an unprecedented opportunity, because the public support is there for tough action to shape up the bureaucracy and to combat fraud, theft and waste.

#### D. WHERE WE STAND

1. I believe the American people do not want retrenchment. The American people want better government, more effective government.

2. This is what I am determined to provide -- although I know full well that it is harder to deliver good government than to attack bad government, harder to provide efficiency than to use the rhetoric of the meataxe, and much harder to build efficiency and honesty into government than to surrender to cynicism and despair.

#### E. THE CONTEXT OF OUR NEW PROPOSALS

1. The anti-fraud and anti-waste proposals I am announcing today are part of a long-term effort to improve the functioning of government -- an effort that began the day I took office.

2. That effort has made progress on many fronts:

-- I have used the appointive power to place the best people I could find at the head of the departments and regulatory agencies -- reform-minded men and women who are free of the conventional orthodoxies about regulation and administration.

-- I have embarked on an arduous reorganization of the federal government to eliminate the waste caused by duplication and bureaucratic overlap.

-- I have moved to combat the waste -- both in and out of government -- caused by needless regulation.

-- The ethics legislation passed by Congress reinforces high ethical standards, requires financial disclosure by senior officials, and puts a brake on the "revolving door."

-- My action to eliminate the more grandiose perquisites of the White House staff did not save the kind of money that is significant in the overall federal budget. But it is important symbolically and for its impact on the attitudes of those effected, who are reminded that they are the servants of the public, not vice versa.

-- Most significant of all is civil service reform, the centerpiece of all our efforts to make government work better. For the first time, it is the official position of government to work with whistle-blowers, not against them.

3. The theft of public property -- the stealing of the people's money -- is a cold-hearted crime, because every dollar stolen is a dollar that cannot go toward meeting human needs. Those who commit this crime are Robin Hoods in reverse. Waste is intolerable for the same reasons.

#### F. NEW ACTIONS

1. The revelations of abuse in the GSA, the Small Business Administration, and HEW are a first step toward ending those abuses. As we increase our efforts to end waste and fraud, there will be more such revelations. They will be ugly and unpleasant, but they are part of an indispensable process of healing.

2. I recently signed legislation consolidating departmental audit and investigative functions in 12 departments under Inspectors General.

-- I will now extend elements of the IG legislation government-wide.

-- I will take a personal interest in overseeing appointments to the Inspector General slots.

-- I will require that agencies implement key suggestions in the recent GAO report on government fraud, including the requirement for all departments and agencies to produce a comprehensive plan of action on waste and fraud.



3. I will continue the one-for-two hiring freeze announced in my speech on fighting inflation. AO

4. I have asked the Attorney General to take charge of investigating and prosecuting program fraud. The anti-fraud division of the Justice Department will be beefed up. This is one form of bureaucratic growth that more than pays for itself.

5. The Civil Service Commission will lead a government-wide effort to improve training of auditors and investigators.

6. In each of the 10 cities that serve as regional headquarters for federal programs, an assistant U.S. attorney and an FBI agent will be named to receive reports from whistleblowers who can identify theft or fraud relating to government expenditures.

7. I will undertake a variety of economy measures designed to cut away inessential spending of public funds, including further cuts in travel expenses in addition to those already announced, reduction of "perks" such as VIP planes and chauffeured cars, curtailment of the use of outside consultants, and further eliminations of detailed specifications of products used by the government. (These specifications sometimes result in forcing purchase of goods that could be bought more cheaply for the same purpose.) not  
again

8. I will expand the cash-management effort which has already saved almost \$300 million by common-sense methods such as depositing government money as soon as it is received.

9. Instead of only cutting existing budget items or holding the line, the budget will contain proposals for the elimination of specific programs in their entirety. ?

10. I will establish a blue-ribbon citizens' task force to review all administrative services in the government, focusing on those provided by GSA. ?

11. Under a joint OMB-HEW effort, we will simplify and consolidate application and eligibility forms for welfare programs. (Up to 80 per cent of the administrative costs of these programs, or \$3 billion, involves determining eligibility.)

#### G. CONCLUSION

1. I am determined to root out waste and fraud from our government. New programs and better enforcement of existing ones will help. But our most important weapon in this struggle is the vigilance and dedication of citizens and government employees.

Electrostatic Copy Made  
for Preservation Purposes



ABOARD AIR FORCE ONE

Mr. President:

Foreign Minister Khalil of  
Egypt will be in Washington D.C.  
this wed. afternoon and thur.  
morning to pass a message to  
you per Zbig. Your schedule is  
open wed. aftrenoon.

Phil

3 pm

ok  
J

145-  
Friday

MUSTAFA  
P.M.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

EYES ONLY

November 27, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze <sup>CJS</sup>  
Subject: October Consumer Price Index (to be released  
at 9:00 A.M., Tuesday, November 28)

The CPI in October rose 0.8 percent -- an annual rate of 9-1/2 percent. Both food and nonfood prices rose by the same 0.8 percent. In the past three months consumer prices have risen at an annual rate of 8.8 percent.

Meats were the bad news in the food area, rising by 2.1 percent. Beef prices rose 1.6 percent and pork prices 3.7 percent. Given the increases in livestock prices in the last two months (7 percent), the rise in retail meat prices is not surprising. Retail meat prices are still below the peaks reached this summer, but have begun to climb again. While meats were declining other food prices (fruits and vegetables, and dairy products) kept on rising. In the three months between June and September, overall food prices -- despite the meat price reduction -- rose by 0.8 percent. In October, another 0.8 was added, as meat prices reversed their decline.

In the nonfood area new home prices (up 1.4 percent) and medical care (up 1.1 percent) led the major increases. Seasonally adjusted, new car prices fell -- the new model increases were unusually small, since some of the increases normally made in the fall had been taken in earlier months. In every month since March of this year, the overall index for nonfood consumer prices has risen either 0.7 or 0.8 percent.

In the ten months of the year to date, consumer prices have already risen by 7.8 percent (not an annual rate). Even reasonably good performance in the next two months would put the December to December price increase at 9 percent or more.

In order to reach an overall rate of inflation of 7 percent or less in 1979, nonfood prices would have to behave as follows:

<u>If food prices</u> <u>rise by:</u>	<u>Nonfood prices must</u> <u>rise no more than:</u>
6.0 percent	7.3 percent
7.0 percent	7.0 percent
8.0 percent	6.8 percent
9.0 percent	6.5 percent



8  
THE WHITE HOUSE  
WASHINGTON

28 Nov 78

Stu Eizenstat  
Jody Powell  
Jack Watson  
Zbig Brzezinski

The attached was returned in  
the President's outbox today.  
It is forwarded to you for  
your information. The original  
letters have been hand delivered.

Rick Hutcheson



FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

ADMIN CONFIDENTIAL

CONFIDENTIAL

SECRET

EYES ONLY

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ACTION

FYI

*send out memos*

THE WHITE HOUSE

WASHINGTON

November 27, 1978

MEMORANDUM FOR THE SECRETARY OF DEFENSE

I have sent the attached memorandum to the Secretary of Health, Education and Welfare.

I ask you to cooperate fully with him to enable HEW to carry out these studies and to insure that HEW will have access to data that it needs.

JC.

THE WHITE HOUSE

WASHINGTON

November 27, 1978

MEMORANDUM FOR THE SECRETARY OF HEALTH, EDUCATION  
AND WELFARE

Subject: Utah Radiation Exposure

Governor Matheson of Utah has expressed his concern about the effects of exposure to radioactive materials from A-Bomb testing in the 1950's on the health of Utah residents. There are now no Federal studies of the health effects of such exposure being conducted in the state.

I understand that there have, however, been several studies conducted in the past on the incidence of leukemia and diseases of the thyroid.

In response to Governor Matheson's concern, I am directing you to:

- Re-evaluate the findings of earlier studies conducted in the State on the incidence of leukemia, particularly in the Southwestern Utah counties;
- Re-open a study conducted in the later 1960's on the incidence of thyroid disease;
- Consider, in consultation with State officials, the possibility of developing a larger more complete study.

I would like you to work closely with the State of Utah as you proceed with all parts of your efforts.

J.C.



THE WHITE HOUSE  
WASHINGTON

28 Nov 78

Jerry Rafshoon

The attached was returned in the President's outbox today. It is forwarded to you for appropriate handling.

Rick Hutcheson



FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

ACTION

FYI

VICE PRESIDENT
----------------

JORDAN
--------

EIZENSTAT
-----------

KRAFT
-------

LIPSHUTZ
----------

MOORE
-------

POWELL
--------

RAFSHOON
----------

WATSON
--------

WEXLER
--------

BRZEZINSKI
------------

MCINTYRE
----------

SCHULTZE
----------

ADAMS
-------

ANDRUS
--------

BELL
------

BERGLAND
----------

BLUMENTHAL
------------

BROWN
-------

CALIFANO
----------

HARRIS
--------

KREPS
-------

MARSHALL
----------

SCHLESINGER
-------------

STRAUSS
---------

VANCE
-------

ARAGON
--------

BUTLER
--------

H. CARTER
-----------

CLOUGH
--------

CRUIKSHANK
------------

FALLOWS
---------

FIRST LADY
------------

GAMMILL
---------

HARDEN
--------

HUTCHESON
-----------

LINDER
--------

MARTIN
--------

MOE
-----

PETERSON
----------

PETTIGREW
-----------

PRESS
-------

SANDERS
---------

VOORDE
--------

WARREN
--------

WISE
------

THE WHITE HOUSE  
WASHINGTON

*Jerry*  
*TC*

November 22, 1978

MEMORANDUM TO THE PRESIDENT

FROM:

Jerry Rafshoon *Jerry*  
Greg Schneiders *GS*  
Bernie Aronson *BA*

SUBJECT:

Speech to the Democratic Mid-Term Conference  
December 8, 1978

Your speech to the Democratic Mid-Term Conference will be a major political address. It will be your first speech as Party leader to the Democratic Party meeting in convention since you were nominated, and your first speech to them as President. It will also be your first major political address since the elections two weeks ago. The media will be looking for your reactions and interpretations of the election outcomes; indications of the directions you intend to lead the Party in the next two years; and for signs of your standing and support within the Party and among traditional Democratic Party groups as you move into the second half of your administration.

The tone of the speech should be strong, responsible, confident, proud, uplifting, but determined and firm. You should not attempt to be all things to all groups in the Democratic Party or leave the impression that you will accept a laundry list of new programs and commitments to satisfy every interest group. You will not.

There will be a minority of delegates who will disagree with your decisions to make further budget cuts and reduce the level of federal spending. The press will be watching to see whether or not you restate your commitment to do so firmly. You should make your intentions clear, without equivocation, but you should do so in a way that does not unnecessarily antagonize those who disagree.

Our objectives in the speech should be:

1. For you as President and Party leader to set out the solid record of accomplishments, both domestic and foreign, forged by the Democratic Partnership over the past two years.

2. To convey that your Administration and the Democratic Partnership have taken control over the long-neglected, difficult problems facing our nation; rejected the quick-fixes offered by the other party; and have and will continue to provide steady, responsible, continuing progress and leadership in solving the problems facing the American people and our nation today.

3. To make it clear that tough decisions and sacrifices must be made in the months and years to come in the fight against inflation. The American people spoke clearly in the last election in support of the policies on which you campaigned in 1976 and which you have followed since then. Inflation must be brought under control. The budget deficit and government spending must be reduced. Fraud, waste, mismanagement, inefficiency must be rooted out. This does not mean abandoning the traditional Democratic commitment to compassion, but is in fact necessary to preserve it. Those who are victimized most by waste and abuse are those most dependent on government programs: the poor, the elderly, the sick, the helpless, and the disadvantaged. You have embarked on a clear, steady course; the Democratic Party has a responsibility to lead; and you will not hesitate to make the difficult decisions as President which must be made.

*Fiscal integrity*

4. To call on the Democratic Party and the nation to do their part in the fight against inflation.

*Peace. Take  
Courage*

5. To enlist support from the Party and the nation for the ratification of SALT II.

*Emphasize →*

6. To set out your vision of the directions the Democratic Party must go in the 1980's.

We envision a crisp, tight speech of 20-25 minutes, punctuated with regular applause lines which will move quickly and firmly.

*Pared  
down for  
my speech.*

A proposed outline for the speech is attached. The language on SALT has not been cleared with NSC and State and is suggestive only. The list of accomplishments can be pared down, or increased as you choose. We are seeking up-to-date figures on savings, achieved and projected, through the war on fraud and abuse to beef up this section.

PROPOSED OUTLINE

Your speech will follow the 15-minute film on the accomplishments of the Democratic Partnership. The first line in your speech is a take-off on the first line of your acceptance speech at the Convention in New York.

-- My name is Jimmy Carter (Pause), and it is nice not to have to finish the sentence any more.

-- It is an honor to speak to the officers and members of the oldest continuing political party in the world today. And after last month's elections, it is a special pleasure to speak, once again, before the majority political party in the United States today. *Have fight on our hands - Must prove our worth*

-- As Democrats we are heirs to a proud and rich tradition. Whatever its imperfections, this great Democratic Party of ours has been the source of more creative new ideas and debate; more challenges to conscience; and more progressive, committed, forward-looking leadership than any other political institution in American history. ?

-- Time and again, the American people have looked to the Democratic Party to solve the crucial, difficult problems facing our people and our nation. It is to our Party that [the poor, the sick, the old, minorities] the disadvantaged have looked for justice, opportunity, and hope. And today, they and the American people look to our Party for strong, effective, competent management of our government as well.

-- For eight long years, the American people watched as our nation's leaders ducked and dodged the difficult problems and swept them under the rug. We Democrats do not run from problems; we face them. *& we solve them.*

-- For too long, the American people watched as America's proud image in the world was tarnished and abused; they saw their highest ideals betrayed at home and abroad. We pledged new leadership in 1976 to restore that trust and faith.

-- We have forged a new Democratic Partnership with the Congress; with our Governors and Mayors; [State Legislators and Local Officials] based not on the rigid dictates of ideological purity, but on our shared commitment to our common ideals. (Praise for leadership of Speaker O'Neill and Majority Leader Byrd.)

-- Together, we have built a solid record of achievement.

*Keep simple  
& clean -  
not pompous*

-- We are restoring the trust and faith of the American people in the decency of their government; in the ability of their government; and the honesty of their government:

... by bringing government out from behind closed doors; passing new Ethics legislation; putting an end to the regulatory revolving door.

... by restoring efficiency and rewarding competency with the first Civil Service Reform in 95 years; reorganizing government; cutting unnecessary regulations, 1,000 in OSHA; cutting red tape and paperwork.

... by rooting out, exposing, and prosecuting fraud, waste, and abuse.

-- Two years ago we saw 10 million of our fellow citizens denied the pride and dignity and self-respect of full-time jobs by the curse of unemployment. We pledged to put America back to work.

-- In the past two years, our Democratic Partnership has added 6.5 million new jobs to the American economy. That is the largest increase in new jobs in any comparable period in American history, and every Democrat in this hall can be proud of that accomplishment. (158,000 more working today in Tennessee.)

-- The Republican Party says it is the party of work, not welfare. But their policies drove hundreds of thousands of Americans onto the welfare rolls.) In two years, we have reduced the welfare burden by 450,000 Americans. We have saved \$20 billion in estimated welfare and unemployment insurance costs. We are the party of work, and we are proud of it.

-- Two years ago, the American people saw our nation dangerously adrift with no national energy plan, growing more and more dependent each year on uncertain foreign oil supplies. Each year, the American people were forced to send billions of dollars more to other nations to pay our foreign oil bill, fueling inflation, eroding the value of our dollars, increasing our trade deficit, draining precious capital, and undermining the very security of our nation. Our Democratic Partnership faced up to the challenge of the energy crisis, passed our first national energy program, and took the first, crucial steps to safeguard our future energy needs.

-- Two years ago, the American people looked at an economy in recession; a housing industry in a depression; investment in new plant plummeting. Our Democratic Partnership has put our private ~~sector~~ back on its feet; real economic growth up 7 1/2%; we are building nearly 2 million housing units a year;

*brief*

*abbreviate  
the  
obvious*

*brief*

*enterprise system*

-3-

after-tax corporate profits are up 30%. As Alben Barkley said, "If you want to live like a Republican, be sure to vote Democratic."

*Higham!*  
-- Two years ago, the Social Security system, that monument to dignity and security for older Americans built by the Democratic Party, was going bankrupt. Our Democratic Partnership faced the tough decisions and the hard-earned checks of every older American are guaranteed through this century.

-- Two years ago ... faced highest budget deficit in peacetime history ... cut \$28 billion and we are not through yet.

-- Two years ago ... our farmers faced declining prices; erratic policies; 4 embargoes in 3 years ... passed major farm bill, income up 25%, record exports last two years.

" ... urban centers neglected and ignored ... passed major legislation targetting aid to cities in need; new help for rural centers; nation's first comprehensive Urban Policy.

" ... education consistently vetoed, impounded, cut ... passed record new support; assistance to middle and low income families; and next year, let us pass new Department of Education we so badly need.

" ... nation's civil rights commitment in doubt ... put dedicated, civil rights veterans in charge; affirmative action; D.C. Voting Rights. I will enforce both the spirit and the letter of the Civil Rights laws of this land.

-- The Republican Party says it believes in free enterprise and competition, but they smothered businesses large and small in government regulations. We have de-regulated airline industry ... the first in 40 years.

... Minimum Wage; Humphrey-Hawkins bill; Strip Mining legislation; Tax Relief.

-- Here at home, we are getting control of long-neglected problems; we have rejected the quick-fixes and magical cures offered by the other party; we are moving forward with steady, responsible progress; we are facing the tough issues; restoring confidence and pride in government again.

-- Abroad:

... we have proved that a great power can be both strong, and just ... rejected colonialism with ratification of Panama Canal Treaties.

*They could do this better - too much money - they will have heard all of this many times*

... strengthened and renewed our partnership and friendship with our traditional allies. Our NATO Alliance stronger; more ready; more prepared; and more able to meet any challenge than ever before.

America has regained its special place in the world:

... as a force for human rights ... people struggling for freedom once more look to our nation for leadership and hope.

... as a force for democracy and majority rule ... Africa; new respect; new friendship throughout the Third World. (Praise for Andrew Young?)

... as a force for peace ... Middle East; no American in combat for two years; nuclear proliferation; we are moving towards new SALT Treaty.

-- We Democrats can run on our record; but we cannot rest on it. Our strength as a Party is that we have always met the new challenges of each succeeding year.

-- Harry Truman spoke for this administration when he said:  
"We do not propose like some people to meet today's problems by saying they do not exist, and tomorrow's problems by wishing that tomorrow would not come."

-- We must bring inflation under control. It is our number 1 domestic priority. Inflation threatens everything we believe in ... jobs; decent income; sustained economic growth; the acid of inflation eats away at the future of every American; it gouges cruelly those least able to take care of themselves -- the poor, the old, those living on fixed incomes, working families struggling to raise their children.

-- There are no easy answers or overnight cures to inflation. It is a test of our national will. Every group must do its part. And government must take the lead.

-- We face difficult decisions, and I will not hesitate to make them. There will be sacrifices, and I will not hesitate to ask for them. We must reduce the budget deficit still further, and we will. We must control government spending, and we will. We have families in our nation who have been bankrupted by the ever-rising cost of hospital care. We must pass hospital cost legislation, and we will. I have no higher priority as President than to bring inflation under control, and as Democrats we have no more important challenge.

Health  
Care  
plan

one part

100 repetitions



1 dec  
ok

-- The American people spoke clearly in the last election in support of the directions we campaigned on in 1976 and the policies we have pursued. They will not tolerate seeing their hard-earned tax dollars wasted and lost through mismanagement; or fraud; or abuse; or bureaucracy, and as President I will not permit it. Every dollar lost; every dollar mismanaged, is a dollar that could go to educate a child; provide health care for a family in need; train an unemployed teenager in a craft; build a decent home; or feed a hungry child. It is a cruel hoax to those in need to see the resources they depend on squandered and lost through mismanagement and abuse.

-- A nation as strong, as dynamic, as creative, as full of imagination and skill and learning as ours can make government a model of efficiency, effectiveness, and tough management. As President, I will settle for nothing less.

-- Our nation's most important challenge in foreign policy is to negotiate and ratify a new Strategic Arms Limitation Treaty.

-- Our defenses today are stronger than ever before. As long as I am President, America's defense capability will be second to none.

-- But there is little security or safety for our nation in an uncontrolled arms race, pitting superpower against superpower, in an ever escalating, ever more costly, and ever more dangerous contest for even larger, more deadly nuclear arsenals.

-- Any new SALT Treaty which I submit to the Senate will fully protect our security needs and be subject to precise verification. We have no higher responsibility to our people and to the next generation than to control the nuclear arms race in the interest of peace.

-- Conclusion:

th

-- We face difficult challenges and hard decisions in the months and years ahead. But our nation, and the Democratic Party, is equal to them.

th

-- After too many years when the American people were embarrassed by their government; when they were ashamed of our leaders; when they saw their own ideals betrayed; they are taking new pride in our country. We are united today. We have new strength and new confidence today. We are ready to meet the challenges we face. And the Democratic Party is ready to lead.

ok

-- Emerson once said that the two political parties have always been divided into the party of hope and the party of memory. We are the party of hope to the vast majority of the American people today.

h -- Let us stay true to our heritage as Democrats. Let us be bold; let us be courageous; let us show compassion for those in need; let us make the American government a model of competence in which we can be proud. Let our great Democratic Party continue to be the party of hope for the American people and for all those yearning for peace and human rights around the world.

Thank you.

If we work together as  
Americans, we can accomplish  
great things!

Ferry. I don't like it.

- a) I want to inspire the convention -  
Restore faith & confidence. Spell  
out agenda for future: Peace - health  
human rights - justice - families - education -  
Security - honesty - strength - courage -  
jobs - cities/communities - free enterprise -  
econ progress - curb inflation - govt effectiveness -  
environmental quality - fiscal integrity -  
democracy - arms control - allies - nukes -
- b) Keep it simple, brief & tough -  
Check ad 16 Maine speech for a  
possible idea or two. (Also  
speech for Pug in S.C.)
- J



J  
THE WHITE HOUSE  
WASHINGTON

28 Nov 78

Arnie Miller  
Tim Kraft

The attached was returned in  
the President's outbox today.  
It is forwarded to you for  
appropriate handling.

Rick Hutcheson



FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ACTION

FYI

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

~~GAMMILL~~ *AM*

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

THE WHITE HOUSE  
WASHINGTON  
November 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TKaus*  
ARNIE MILLER *AAA*

SUBJECT: Deputy Inspector General of the Department  
of Health, Education, and Welfare

Secretary Califano has recommended Richard B. Lowe III for the Deputy Inspector General position at the Department of Health, Education, and Welfare. Mr. Lowe is black, thirty-six years old and is Chief of the Trial Division of the New York County District Attorney's Office in New York City. Congressman Rangel enthusiastically endorses Mr. Lowe for this position.

RECOMMENDATION

Nominate Richard Lowe to serve as Deputy Inspector General of the Department of Health, Education, and Welfare.

✓ approve                      disapprove

*J*

RICHARD B. LOWE, III

100 West 92nd Street  
New York, New York 10025  
(212) 799-7214 (h)  
(212) 732-7300 (b)

CAREER OBJECTIVE: Management position in public or quasi-public organization which will draw upon ten years experience as a trial attorney, prosecutor, and administrator.

EXPERIENCE:

New York County District Attorney's Office  
Assistant District Attorney  
1967 to present

CHIEF, TRIALS DIVISION, October, 1976 to present:

The Chief of the Trials Division supervises 120 trial attorneys and 40 non-legal support personnel. responsibilities include: monitoring of Supreme Court, Criminal Court, and Grand Jury practice, especially the effective control of intake and arraignment procedures, grand jury productivity, and trial activity; management of pending cases from inception to disposition.

CHIEF, TRIAL BUREAU, May 1976:

Supervised 18 Assistant District Attorneys in one of six trial bureaus. Responsibilities included management of intake and screening procedures; assignment of cases to Assistants.

CHIEF, EARLY CASE ASSESSMENT BUREAU, May, 1975:

Responsible for the creation and development of this bureau, which screens all felony arrests in Manhattan.

CHIEF, COMPLAINT BUREAU, May, 1974:

Supervised the investigation of criminal complaints from citizens, primarily in the larceny field. Supervised training and orientation programs for new members of the legal staff.

CHIEF, MAJOR FELONY PROGRAM, May, 1973:

Directed innovative program designed to identify immediately the most serious cases brought into the office with a view toward selective prosecution, emphasizing restrictive plea bargaining, expeditious trials, and maximum sentences.

DEPUTY CHIEF, SUPREME COURT BUREAU, May, 1971:

As Senior Trial Counsel for the Supreme Court Bureau, tried approximately 60 felony cases to verdict. Supervised and counseled approximately 40 trial attorneys.

TRIAL ATTORNEY, SUPREME COURT BUREAU, April, 1968:

Trial of felony cases in New York State Supreme Court, including attempted murder, robbery, rape, burglary, larceny, and bribery.

CRIMINAL LAW INVESTIGATOR, COMPLAINT BUREAU, August, 1967:

Received complaints from citizens, handled investigations of criminal activity or referred complaints to proper non-criminal agency.

EDUCATION:

June, 1967: J.D., St. John's University, School of Law, Jamaica, New York

February, 1964: B.S., History, University of Wisconsin, Madison, Wisconsin

ADDITIONAL INFORMATION:

Admitted to New York State Bar, April, 1968

Admitted to United States District Court, Southern District of New York, August, 1973

Lecturer at Fordham, St. John's, and Hofstra Law Schools

Lecturer at Public Prosecutor's Training for  
Law Students Program, Fordham Law School;  
Prosecutor's Institute, Fordham Law School;  
Institute for Organized Crime, Cornell University  
Law School

Faculty member, Homicide Investigator's Course,  
New York Police Department; also have lectured  
to the NYPD on eyewitness identification and  
line-up procedures

PROFESSIONAL AFFILIATIONS:

100 Black Men  
NAACP  
NYS District Attorney's Association  
National District Attorney's Association  
New York County Lawyer's Association  
Harlem Lawyer's Association  
New York State Bar Association



THE WHITE HOUSE  
WASHINGTON

hold until  
Kraft, Miller  
memo back from  
10/24/78  
P.  
(Re: Lowe)

TO.

Jim Garrison

For Your Information: \_\_\_\_\_

For Appropriate Handling: ✓

RD  
Robert D. Linder



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

OCT 23 1978

RL  
MEMORANDUM FOR THE PRESIDENT

I recommend that you nominate Richard B. Lowe III for Deputy Inspector General of the Department of Health, Education, and Welfare. Mr. Lowe is Chief of the Trial Division of the New York County District Attorney's Office in New York City, where he has earned a reputation as a skilled and fair-minded prosecuting attorney. The Deputy Inspector General is a Presidential appointment, subject to advise and consent.

The Office of the Inspector General was created by Congress to supervise all internal audits and investigations pertaining to the Department. It has primary responsibility for uncovering and eliminating fraud, abuse and waste throughout HEW's programs; and reports quarterly to the Congress. Since the inception of the office in March, 1977, Tom Morris has served as Inspector General. His Deputy has been Charles Ruff, the former Watergate prosecutor, who recently returned to the Department of Justice as Associate Deputy Attorney General.

As a complement to Mr. Morris, a seasoned manager with great auditing and investigatory skills, I sought a Deputy with criminal prosecutorial experience. Mr. Lowe has spent his entire professional career as a prosecuting attorney. After graduating from the University of Wisconsin in 1964, he received his law degree from St. John's University in 1967, and launched a distinguished career in the New York County District Attorney's office.

Starting as a criminal investigator, Mr. Lowe rose quickly and steadily to positions of responsibility, and became Chief of the Trial Division (the largest division in that office) two years ago. He currently supervises 120 lawyers, with a caseload of 5,000 indictments and trials each year. When experimental projects have been launched at the D. A.'s office in recent years, Mr. Lowe has run them, and is reported to have done an outstanding job. Robert Morgenthau, the current District Attorney, recommends him strongly.

The President

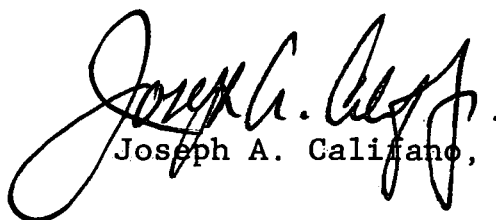
Page two

Mr. Lowe is black, thirty-six years old, with a keen understanding of the criminal justice system and the need to root out corruption and waste; but with a sensitivity to the goals of HEW's programs and the people whom they serve. He is said to be tough, but fair-minded; dogged, but flexible.

We have checked Mr. Lowe with the staff of the House Appropriations, Government Operations, and Ways and Means (Health Subcommittee) Committees; and the Senate Appropriations, Finance, and Government Affairs Committees. With the exception of Terry Lierman on the Senate Appropriations Committee (who recommends him for the post), none of the committees knew him, but neither did they object to the appointment.

We have also checked with Senator Moynihan, who finds Mr. Lowe acceptable, and with the Democratic delegation from New York County. Only Congressman Rangel says that he knows Mr. Lowe, and he enthusiastically endorses him. In addition, Mr. Lowe is strongly supported by Congressman Stokes of Ohio.

I believe that Mr. Lowe is the right person to be the next Deputy Inspector General. His curriculum vitae is attached.

  
Joseph A. Califano, Jr.

*J.*  
THE WHITE HOUSE  
WASHINGTON

28 Nov 78

The Vice President  
Alfred Kahn

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson



FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ACTION

FYI

*KATHN wish  
may  
to have  
picked up*

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

*KATHN*

THE WHITE HOUSE

WASHINGTON

November 27, 1978

cc Kahn  
VP  
J

MEMORANDUM TO THE PRESIDENT

SUBJECT: Progress Report on the Anti-Inflation Program

The day before I left the Civil Aeronautics Board, you asked me for an early report on my progress in putting together the Anti-Inflation Program. I regret that even now, after four weeks on the job, I cannot present you with a thoroughly developed integrated plan.

The main reason is that the "program" must consist of a very large and growing number of separate efforts, in collaboration with a very large number of agencies, federal, state, local, and private, as well as a continuous, multi-faceted campaign to enlist cooperation by private parties. Merely, organizing this effort will be a continuing process for at least a year.

External Activities

During these first four weeks, I have given or participated in twenty-one separate interviews with the press, press conferences, and news programs, including appearances on Issues and Answers, Meet the Press, and NBC Nightly News; I have given out eleven public or private addresses, including three all-day out-of-town trips, or have met with business and labor leaders, collective bargaining experts, public interest, consumer, and environmental groups, testified before the Senate and House Banking Committees, and attended an interminable succession of meetings.

Administering the Wage-Price Standards

We have achieved our first major accomplishment in enforcing the price standards. Within a few days of your October 24 talk, the railroads filed a request for a 8.1 percent freight rate increase. That would have been some 1.5 percentage points in excess of what would be permitted under the 0.5 percent deceleration standard. We were in process of analyzing whether it might be acceptable under second standard--unavoidable cost pass-through subject to a stable profit margin--when the railroads, under pressure from Secretary Adams, volunteered to

adjust their request downward to 7.0 percent, even though they project that their earnings were under the original request would on an industry-wide basis be less than one percent on invested capital. We have concluded that the altered request will meet the standard, at least for the carriers accounting for the adjustment, in conjunction with DOT. It is a clear victory for the program. There seems to be no reason to doubt that, applying its own traditional standards, the ICC would have had no choice but to permit the entire request.

We have had a large number of declarations of intention to comply by a large number of companies, and have specifically approved the forcing plans of U.S. Steel and A.T. & T. among others.

In order to administer the standards, COWPS is borrowing about 55 vacancies from several departments and agencies, with Jim McIntyre's approval, and actively recruiting; analyzing responses to the proposed standards, the deadline for a receipt of which is December 2, and expects to have proposals for the final guidelines by December 7; has planned meetings between now and December 6 in seven regional headquarters cities (Dallas, Los Angeles, San Francisco, Chicago, Denver, Boston, and Pittsburgh) with 100 or so corporate representatives (not including the Fortune 500) and local labor leaders; and will between now and December 8 be holding seven technical briefings on the West Coast and in Washington with the companies in the Fortune 500, who will by now have received your letter asking for compliance. It has also set up an anti-inflation program phone bank to answer questions from business and the general public. Since the announcement of your program, they have handled between 10,000 and 12,000 calls. They have also set up an operation for handling all the correspondence that comes in to you, me, and others; and have answered literally thousands of inquiries.

### Outreach

While I have participated actively in rounding up support for the program in the business community (with Secretary Kreps), in preparing the letter for you to send out to the Fortune 500 requesting compliance, and in drafting the letter to go out to Governors, I am relying principally on Anne Wexler's energetic initiatives in organizing this program, on Bob Strauss' staff to arrange the meetings with local groups, and on Jack Watson's

leadership in planning the contacts with Governors and Mayors.

I feel we must move much more aggressively than we have so far to enlist cooperation of state and local authorities along a very wide variety of fronts ( many of which I will refer to below); but this is a major organization effort. I am similarly not satisfied with our progress in working with labor leaders; we have made some beginning contacts, however, and expect during this coming week to add someone directly to my staff with the necessary stature and experience in the labor-management field. (I will refer below to the state of our planning for major upcoming wage negotiations.)

#### Planning the Program

My principal agency for planning the entire program is an ad hoc group I assembled and have been meeting with--on a daily basis beginning October 30, somewhat less frequently more recently--comprised of Charlie Schultze, Stu Eizenstat, Jim McIntyre, Barry Bosworth, and Landon Butler. These meetings have been enormously helpful. Other agencies involved in planning the program have been the Steering Committee of the Economic Policy Group, comprised of Mike Blumenthal, Stu, Charlie, Jim, and me, and the Collective Bargaining Committee.

#### Planning for Major Wage Negotiations

I have begun a program of private meetings with the leaders of each of the unions and management, just before bargaining begins in each of the major upcoming negotiations, to urge restraint and compliance. Meanwhile COWPS is busy analyzing criticism of the 7 percent standard, and considering the possibility of modification, particularly to take into account the widespread complaint at their proposed inclusion of the sharply increased costs of maintaining existing fringe benefits, without destroying the effectiveness of the program. Prominent labor-management people and business leaders have assured me that a rigid insistence on the 7 percent standard, as defined, invites widespread defiance and failure; and that a more flexible approach could nevertheless make a genuine contribution to holding down inflationary wage settlements.



The first major negotiations in the oil industry, will begin in mid-December. There is a danger here of the companies' settling at an inflationary figure, because in order to avoid a strike, because wages are a very small proportion of their total costs; and settlement in excess of 7 percent here will set a very bad precedent for the Teamsters' negotiations.

ok On the other hand, because of the highly automated character of their operations, most of the refiners can operate reasonably effectively even if struck. We plan to press them very hard not to settle for more than 7 percent without a strike. In cooperation with me, Bob Strauss is planning to bring in the leaders of strategically situated companies; we may ask you or the Vice President to drop in. We will shortly be consulting with D.O.E. about the possibilities of using the various ways in which the Federal Government regulates and assists the oil industry as levers to enforce responsible bargaining. Ray Marshall have already met with A.F. Grospiron, President of Oil, Chemical, and Atomic Workers International Union. ← do so

COWPS has prepared detailed analyses, statements of options, time schedule and recommendations for dealing with both oil and Teamsters' negotiations, which we are discussing in the Collective Bargaining Committee. So far as the Teamsters are concerned, this includes my meeting with Dan O'Neill to discuss ICC regulatory strategy--I have already had one such; with the truckers' bargaining committee, and with Frank Fitzsimmons, with whom I have already made contact.

One important, delicate question is just how hard and in what way we should be pressing for trucking deregulations while the negotiations are in progress. In view of my own and your strong convictions on this matter, there is no intention on our part to bargain a softening of our position on deregulation for a responsible wage settlement. On the other hand, we are uncertain whether pressing ahead in direct and open confrontation with the Teamsters during these next few months is the best way of eliciting responsible behavior on their part, we are in any event using the argument with them that nothing will so effectively ensure prompt Congressional action on deregulation as a settlement that breaches 7 percent standard.

As you probably know, the ICC has issued a policy statement supporting our wage and price standards and putting the trucking industry on notice that they intend to hold to them in their rate proceedings.

good action  
yesterday

## Sectoral Program

A very important part of our anti-inflation program must be an intensive investigation and quest for remedies for the particularly extreme inflation that has occurred in the cost of food, housing, medical care, and energy. This approach has the enthusiastic support of Ray Marshall and Esther Peterson, with both of whom I have discussed it, as well as of consumer groups with whom I have met, and public interest people like Ralph Nader, Mark Green, and Gar Alperovitz, with whom I have also met.

The ad hoc committee to which I have already referred, has commissioned three small committees, composed mostly of senior officials of Executive Office organizations, to write option papers, (which should be completed by the middle of next week) outlining opportunities for decelerating inflation in food, energy, and transportation. We will arrange for the development of similar papers on housing and medical costs, in each case involving the cooperating of people from the pertinent Departments--Agriculture, Energy, HUD, HEW, and DOT. We are working out a division of responsibilities between HEW and COWPS for administration of the standards in the health field.

These attacks on inflationary forces in the separate sectors overlap in complicated ways with others of our efforts. Trucking deregulations, for example, is one way of holding down the transportation margins. The organized antitrust activities that I have already taken initial steps to integrate--in discussions with Mike Pertschuck and John Shenefield, if only in terms of explaining to the public the role of vigorous anti-trust enforcement in the anti-inflation program-- includes a very large number of attacks on restraints in the sectors of major importance to the Consumer Price Index: litigation, for example, against restraints of competition and alleged monopolization in insulation materials; on price advertising by doctors, dentists and optometrists; alleged boycotts directed against health maintenance organizations, health insurance companies' cost containment programs, attempts to use non-professionals for the delivery of health care, and the employment of salaried physicians by hospitals; territorial franchises and the retailing of hearing aids. Federal Trade Commission cases against the marketing of Sunkist oranges, against alleged conspiracies or monopolization in bakeries and breakfast cereals, offer some hope of contributing to holding down food costs; and

prosecutions of alleged concerted restrictions on advertising and competition in fees by real estate brokers are one small piece of the attack on housing costs.

Many of these sectoral programs will require close collaboration with state and local entities. We intend, for example, to set up formal communications with state public utility commissions, to cooperate in the administration of the wage and price standards in the utility field for this effort, I intend at least to attach myself to the efforts of D.O.E. to encourage the elimination of declining bloc rates for electricity and the introduction of time-of-day pricing, as well as to press for the more thorough introduction of competition in the provision of telephone terminal equipment.

Similarly, the attack on housing costs will involve direct collaboration with state and local governments, in an effort to reform land-use restrictions, building codes, perhaps to induce them to shift property taxes so that they will bear more heavily on unimproved than on improved land, and to encourage cooperative efforts among local contractors and building trades unions to reverse the deplorable decline of recent years in productivity.

#### Economic Policy Group Steering Committee Activities

These efforts, in which Mike Blumenthal and Charlie Schultze are taking the lead, overlap to some extent with the efforts I have already described. The main effort of EPG has been to develop legislative proposals--particularly on social security and to flesh out the real wage guarantee plan. It has also commissioned options papers on oil prices, the minimum wage, Davis Bacon, and steps to encourage capital formation. Since I have been a participant but not a leader in most of these efforts, I will not summarize them here.

#### State and Local Governments' Cooperation

The CEA and COWPS staffs on November 2 produced a very comprehensive, preliminary survey of possible ways in which state and local governments might participate in the anti-inflation program. Meanwhile, as I have already observed, Jack Watson has been making plans to organize the effort.

Although I believe it is urgent that you communicate with the Governors and the Mayors of at least our 15 or 20 largest cities about the program as soon as possible, possibly bringing them to Washington for a face-to-face appeal, I have been reluctant to press you to do so until we had made our own plans more precise about what exactly we would ask them to do. A general request for support, it seems to me, would leave them with little specific guidance and might result in a dissipation of their enthusiasm.

For this reason, I suggested to Jack that he incorporate in your proposed letter at least the following specific requests of the states and cities--that they (1) restrict their own governmental expenditures; (2) hold to the wage guidelines in treatment of their own employees; (3) use their procurement, contracting and grants-in-aid programs to induce business compliance with the guidelines, as you have in the case of federal procurement; (4) ask their regulatory commissions to demand compliance with the standards in their own rate setting; and (5) take steps to require simplification and economic impact analyses of their own regulations. ok

I think, we have to develop plans more thoroughly, however, for suggesting ways in which state and local governments might cooperate with us in attacking the high costs of housing and construction, in eliminating the unnecessarily anti-competitive regulations of banks and insurance companies; in reconsidering price-inflating local program of agricultural regulation, particularly in the marketing of milk; examine thoroughly their various occupational licensure programs, to see to what extent entry-restricting and competition-restricting licensure can be replaced by mere certifications of competence; reexamine their utility rate structures, in order to induce greater conservation.

We are in process of developing a proposed program, in collaboration with Jack Watson's people, and expect to present it to you by December 15.

## Regulatory Analysis and Reform

This topic, as you know, covers a multitude of problems and approaches. I have attached myself in one way or another to a very large number of these ongoing efforts, taking on in varying degrees the responsibilities of prodding, providing advice, support and in some cases leadership. Merely listing these will inevitably exaggerate the importance of my own contribution. But I do want to give you a preliminary survey .

I have attached myself, first, to the effort of reexamining the leading government policies restrictive of competition. I have done this by working with Mary Schuman, to whom, Stu has assigned leadership for the Domestic Policy staff in developing plans for trucking deregulation, and meeting with the Ad Hoc Group in the Department of Transportation that is developing these proposals, as well as with John Shenefield; by my continued participation in the work of the National Commission for the Review of Antitrust Laws and Procedures and by meeting with Dan O'Neill to review other steps that the ICC is itself taking in this area. I have associated myself with the interagency group that is reconsidering the regulation of ocean shipping, and is, I am told, moving dangerously close to advocating a regime of total, closed cartelization.

I have similarly established regular contact with the Regulatory Analysis and Review Group (RARG) with which COWPS has always been associated, and have met Doug Costle, at his suggestion, to make connection with the Regulatory Council. I have begun also to assume responsibility for COWPS' extensive intervention program before the regulatory agencies; they intervened formally in 34 agency proceedings in a 13-month period, October 1977 to November 1978. I have just reviewed and revised their proposed intervention in an advanced Notice of Proposed Rulemaking by DOT to regulate working hours of truckers. This intervention has the double goal of inducing DOT to apply cost-effectiveness and cost/benefit tests to the proposed regulations, but also of cooperating with the Teamsters, who strongly oppose them.

The RARG group has identified five major proposals that promise to be extremely costly, each of which they feel has been inadequately subjected to economic evaluation; the proposed EPA ozone standard, DOT's proposal to make mass transit accessible

to the handicapped, OSHA's policy proposal on carcinogens, Interior's strip mining regulations, and EPA's proposed air quality standards for coal-burning steam electric plants. I have studied RARG's analyses here, and associated myself with them in asking for intervention by Stu Eizenstat on your behalf in some of these. *ok*

I am also reponsible on an ad hoc basis to cases of allegedly unreasonably expensive regulations brought to my attention by outside groups. For example, Shearon Harris, Chairman of the Board of U.S. Chamber of Commerce, immediately after our morning meeting with him and other leading business executives at which you made an appearance, brought one such instance to my attention involving a required, unnecessary backfitting of an electric generating plant with cooling towers, at an annual additional cost of \$25 million. I have a member of the CEA staff investigating this particular case. I think it important we demonstrate to the business community that we mean it when we ask them to bring such cases to our attention, provided of course their criticisms are justified. *I agree*

Administrator for Federal Procurement Policy

I am pursuing another such case that was brought to my attention by Les Fetting--a complaint by the American Council of Life Insurance against a proposed Department of Labor interpretation of the Equal Pay Act that, they claim, will add enormously and unjustifiably to their costs.

Along the same lines, Charlie Schultze and I joined in a memo to Ray Marshall urging him to postpone a proposed action raising the minimum pay levels for so-called executives required to exempt them from the Fair Labor Standards Act: the proposal would have increased that cutoff point immediately by approximately 32 percent. Ray has acceded. *good*

With your permission, I will supply you with much briefer progress reports on a regular basis. I apologize for the length of this one, but I felt the need for responding to your request for a program proposal in a way that would demonstrate to you that I have not been loafing. *← ok*

*It's an excellent  
report -  
J*

Your note on my Staff

I have your decision on my request for my staffing, and will proceed to hire, on the assumption that Jim McIntyre will be able to free up two level IV's from the agencies, as you suggest.

I will try to get the other experienced people I need with the grade 17 or 18 positions, as you also suggested. If I can't, and continue to feel strongly I must have them, I'll return to you with a full explanation.

ID 785966

THE WHITE HOUSE

WASHINGTON

DATE: 27 NOV 78

FOR ACTION:

INFO ONLY: HAMILTON JORDAN

STU EIZENSTAT

SUBJECT: KAHN MEMOA RE PROGRESS REPORT ON ANTI-INFLATION PROGRAM

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:



THE WHITE HOUSE  
WASHINGTON

11/28/78

Mr. President:

Bob Strauss would like to bring  
his two trade negotiation counter-  
parts by for a quick photo this  
afternoon at 4 pm. They are:

Vice President Wilhelm Haverkamp of  
the European Commission for External  
Affairs

and his deputy Sir Roy Denman.

☒ approve

☐ disapprove

Phil



THE WHITE HOUSE  
WASHINGTON

11/28/78

Mr. President:

Sen. Byrd would like to talk  
with you by secure line from Cairo  
between 3 and 4 pm today. I'll  
alert you when the call is ready  
and you can leave the budget briefing.

Phil

*ok*  
*J*

THE WHITE HOUSE  
WASHINGTON

November 28, 1978

Th 11:45

MR. PRESIDENT

Secretary Califano has  
requested a brief meeting with  
you this week on a personal matter.  
Watson has talked with Califano  
and recommends the meeting although  
he doesn't know what it's about.

☒ Schedule meeting with  
Califano this week

☐ Hold

PHIL

THE WHITE HOUSE

WASHINGTON

November 27, 1978

MEETING WITH OPINION LEADERS AND ACTIVISTS FROM  
KENTUCKY

---

Tuesday, November 28, 1978  
12:15 P.M. (15 minutes)  
Room 450, OEOB

From: Tim Kraft TK

I. PURPOSE

To promote among these Kentucky activists a sense of identity with you and your Administration, a sense of a team working together, and a sense of urgency about actively supporting the Administration across the board.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: This is the seventh in a series of meetings for political leaders and activists from the states (New Jersey, Pennsylvania, Louisiana, Oregon, Michigan, and Ohio preceded this).
- B. Participants: State and local officials, labor leaders, party activists, business leaders, and early supporters. List is attached.
- C. Press Plan: No press.

III. TALKING POINTS

A general status report on the Administration to date and your priorities for the coming months.

attachments:

agenda  
guest list

## AGENDA

11:00 A.M.	Welcome	Tim Kraft Assistant to the President
11:05 A.M.	Domestic Policy Overview	Stu Eizenstat Assistant to the President for Domestic Affairs and Policy  Jack Watson Secretary to the Cabinet and Assistant to the President for Intergovernmental Affairs
12:15 P.M.		President Carter
12:30 P.M.		Jody Powell Press Secretary
12:50 P.M.	walk to the State Floor, The White House, for buffet lunch	
2:00 P.M.	Anti-Inflation Program	Alfred Kahn Advisor to the President on Inflation
3:00 P.M.	Adjourn	

Invitees for the Kentucky State Constituents Briefing

Governor Julian Carroll  
Drexell Davis - Secretary of State  
James Graham - Superintendent of Public Instruction  
William Kenton - Speaker of the House  
George Atkins - State Auditor  
Tom Harris - Commissioner of Agriculture  
Frances Jones Mills - State Treasurer  
William Stansbury - Mayor of Louisville  
James Amato - Mayor of Lexington  
Jim Aubrey - United Auto Workers  
Coet Combs - Grand Lodge Representative for the International  
Association of Machinists and Aerospace Workers  
Eugene Land - President, Kentucky CAP Council; member, Rules  
Committee, DNC  
Joe Warren - President, Kentucky State AFL-CIO  
Marie Turner - Democratic Party Chairman of Kentucky  
A. B. Chandler - former Governor and former U. S. Senator  
Marjorie Asher - housewife; former Bell County Carter campaign chairman  
Hannah Baird - housewife; delegate  
Eddie Ballard - Democratic Party Chairman, Hopkins County  
Sara Bell - Clerk, House of Representatives; Past President, Kentucky  
Federation of Democratic Women  
Lou Byron - Deputy Sheriff  
Martha Layne Collins - Clerk of the Supreme Court  
Jeanne Dawahare - retail merchant  
Walt Dear - newspaper publisher  
Herb Deskins - State Representative  
Sid Easley - District Judge, Calloway and Marshall Counties  
Jim Fallin - Hancock County Judge Executive  
Tracy Farmer - banker  
Bill Froehlich - Davis County Judge Executive  
Charlie Head - President, United Mine Workers  
Jerry Ikerd - Chairman of the Board, Bank of Mount Vernon; Chairman of  
the Board, Peoples Bank of Houstonville; Mac truck dealer  
Joe Iracane - school teacher and restaurant owner  
Margy Johns - college professor  
Leonard Kernan - banker  
Bill Kuegel - Davis County Democratic Chairman  
Richard Lewis - former Chief Executive Officer for the Governor; candidate  
for Lieutenant Governor  
Herb Ligon - President, Ligon Specialized Haulers  
George Little - public relations, Reed Crushed Stone Company

Alice McDonald - Executive Assistant to the Mayor of Louisville; school teacher; Carter Co-Chairman of Kentucky  
Terry Mann - State Representative  
Gilbert Mathis - college professor  
Bill McEvoy - President and Chairman of the Board, Florence Deposit Bank; attorney  
Gilbert Miller - builder and developer  
Pam Miller - former Councilwoman  
Paulie Miller - Jefferson County Circuit Court Clerk, Louisville  
Mike Molloy - cattle owner  
Katherine Peden - industrial consultant  
Foster Pettit - attorney  
Bill Rice - insurance agent  
Mary Glenn Searcy - member, Kentucky Democratic Central Committee  
Al Smith - newspaper publisher  
Jim Thornberry - President, Arch Management Corporation  
Jim Truman - retail merchant  
Bill Usher - owner of a transport business  
Jim Vernon - President, Vernon Broadcasting Company  
Joe Walls - Comptroller, City of Louisville  
Bill Wheeler - Circuit Court Clerk, Carroll County  
Corinne Whitehead - housewife; delegate  
Aubrey Williams - President, NAACP; State Representative (42nd District); attorney  
Dr. Charles Woodward - chiropractor  
David Yewell - attorney  
Bill Donnermeyer - Majority Caucus Chairman of the Kentucky House  
Brenda Seltman  
John Kearns - Harrison County Circuit Court Clerk  
Betty Jo Heick - Clerk, Bourbon County Court  
Michael Greene  
Nick Nicholson - representative of Senator Ford  
Tim Dudgeon - representative of Senator Huddleston  
Charles Mattingly - Administrative Assistant to Representative Romano Mazzoli  
Fritz Elmendorf - Administrative Assistant to Representative Carroll Hubbard  
Representative Romano Mazzoli  
Gary Auxier - Governor Carroll's staff  
Henry Vance - Governor Carroll's staff  
Ivan Potter - Governor Carroll's staff  
Jack Hall - Governor Carroll's staff

Jerry Abramson - Attorney; Jewish leader  
David Alexander - Farmer  
Elizabeth Alexander - Vice President of League of Women Voters in  
Kentucky  
James E. Baker - Deputy Superintendent for Public Instruction, Ken-  
tucky  
Terry Black - Attorney  
Mary Helen Byck - Jewish leader in Louisville; member of Inaugural  
Committee; retail merchant  
Ed Carle - Attorney; member of the Peanut Brigade  
Lloyd Clapp - Speaker Pro-Tempore of the State House  
Gregg Clendenin - Attorney  
William Cox - Candidate for Lieutenant Governor  
Jim Dinwiddie - Attorney; Litchfield  
Glenn Dorris - Delegate; Baptist minister  
Frances H. Dorris - Housewife  
O. T. Dorton - Banker; early Carter supporter  
Cynthia Duncan - Kentucky State ASCS Chairperson (USDA)  
Maurice Galloway - Former Mayor of Henderson; travel agent; car dealer  
Tom Garrett - Democratic Floor Leader, Senate  
Jim Gray - Former Administrative Assistant to Governor Ford; former  
Highway Commissioner; Secretary of Cabinet for Governor  
Carroll  
Willie Hendrickson - County Judge, Bell County  
Reverend A.O. Hodge - Involved in Panama Canal Treaties; Baptist  
minister  
John S. Hoffman - Attorney  
Todd Hollenbach - Former County Judge, Jefferson County; Delegate  
George Hudson - Car dealer; big campaign contributor  
Jim Knauf - Jailer of Kenton County  
Reverend John Lovelace - Baptist minister  
Gilbert Mathis - College professor  
Pat McCuiston - Assistant President Pro-Tem of Senate  
Marton McElroy - CPA  
Creighton Mershon - Ran for Governor; Attorney  
Gene Moseley - Chairman, Jefferson County Democratic Central  
Executive Committee  
Oteria O'Rear - Housewife; politically active; Lexington  
Frank Paxton - President, Paducah Bank; early Carter supporter  
Ginger Reed - Midterm Delegate, avid Democrat  
Bobby Richardson - State Representative  
Paul Seltman - Businessman  
Irwin Sherman - Jewish attorney  
Ben Shobe - City Police Judge  
Barbara Jean Shobe - Mid-Term Delegate  
Patsy Sloan - Mid-Term Delegate; school teacher  
Tommie Smith - Owner of a figure salon  
Dr. Charles Stacy - Medical doctor  
William Sturgill - Coal Company owner  
Smitty Taylor - Chairman, Kentucky Public Service Commission  
Mickey Todd - Henderson County Chairman; implement dealer



Kentucky Invitees

4

Paul Vesper - Delegate; attorney  
Edgar Wallace - Ran for City Council in Jefferson County  
Sylvia Watson - City Councilwoman of Louisville; Delegate  
Glenn Wilson - Banker; Democratic Convention Delegate  
Wilson Wyatt - Former Lieutenant Governor; Attorney  
Kris Kimel - Representative for Attorney General Robert Stephens  
Ralph Ed Graves - Candidate for Governor  
Phyllis Cambron -  
Dale Sights -  
Margaret Ann Sights -  
Mike Helton -  
J.W. Carneal - Vice President for Public Affairs, Texas Gas Company  
Dale Emmons - Past President, Kentucky Young Democrats; candidate  
for national Young Democrats office; early Carter  
supporter  
Paul Patton -  
Thomas Watson -

THE WHITE HOUSE  
WASHINGTON

MIG 27 ✓

CAT ✓

Cuba = 4 --- to Havana

SALT

UN- Settlements = abstain 17's  
Yes res.

Prisoner exchange - no Δ

state constituency meeti:

Ky Mtg

11/28/78

Trust - US & abroad

Jobs - <sup>Soc Sec</sup> Ag - Cities

Management - Dereg

Federalism - CPW. Housing

Energy / \$ / Panama

> Inflation - Budget

> Mid East

> SALT - <sup>NATO</sup> Defense - Polif

Civil Service

Fraud Corruption

Pub utks - Xportation

THE WHITE HOUSE  
WASHINGTON

November 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Weekly Report

1. New Governors' Conference

The weekend of November 18 - 19, Gene Eidenberg and I participated in the National Governors' Association orientation for governors-elect. The session was held at Pine Isle, Georgia.

I spoke at the Sunday morning session on the whole range of your intergovernmental initiatives, as well as on your anti-inflation program and the overall FY 1980 budget situation. We presented to each governor-elect a briefing book on significant federal/state issues in his state. Each book also contained information on the flow of federal dollars into the state (e.g., how much, where spent, and for what purpose); brief descriptions of the major federal programs affecting the state; and names, addresses, and telephone numbers of White House staff and intergovernmental contact persons in every federal agency.

The meeting was an excellent opportunity to meet the new governors, and they seemed to appreciate our presence and the briefing books. In fact, each of the ten incumbent governors in attendance at the meeting asked if we would prepare each of them a similar book.

2. State Department New Office of  
Intergovernmental Affairs

On November 16th the Press Office announced the appointment of Bev Carter to be Ambassador-at-Large for the State Department and to head State's new Office of Intergovernmental Affairs. This new unit will give us significant opportunity to focus State and local government interest on international trade and other appropriate foreign concerns.

The National Governors' Association has, in response to your request, established a Standing Committee on International Trade and Foreign Relations. George Busbee has been appointed its first Chairman. I talked with George during the Pine Isle meeting; I am convinced he will provide aggressive leadership (of the sort you want) for the Committee.

3. State and Local Anti-Inflation Program

At Fred Kahn's request, my office is continuing to take the lead in developing a strong State and local government anti-inflation program. Working closely with Fred and CWPS' staff, we met just before Thanksgiving with representatives of all the major State and local government associations to discuss the details of such a plan. There is real support for your efforts to involve local officials in the anti-inflation program, and we should have a detailed plan for you by mid-December.